

161.1

REPORT OF
DEPARTMENT OF CONSUMER AFFAIRS
DIVISION OF INVESTIGATION

ASSEMBLYMEN

CHAIRMAN
VINCENT THOMAS
SIXTY-EIGHTH DISTRICT
MIKE CULLEN
FORTY-FOURTH DISTRICT
RAY E. JOHNSON
FOURTH DISTRICT

Joint Legislative Audit Committee

GOVERNMENT CODE: SECTIONS 10500-10504

California Legislature

VINCENT THOMAS
CHAIRMAN

ROOM 4126, STATE CAPITOL
SACRAMENTO, CALIFORNIA 95814
(916) 445-7906

MERRILL E. TOMPKINS, C.P.A., COORDINATOR
(916) 445-1890

EVE OSTOJA, OFFICE MANAGER
(916) 445-7908

SENATORS

VICE CHAIRMAN
WILLIAM E. COOMBS
TWENTIETH DISTRICT
GEORGE DEUKMEJIAN
THIRTY-SEVENTH DISTRICT
GEORGE N. ZENOVICH
SIXTEENTH DISTRICT

June 8, 1973

Assemblyman Willie L. Brown, Jr., Chairman
Assembly Committee on Ways and Means
Room 319, State Capitol
Sacramento, California 95814

Dear Willie:

Transmitted herewith is the report concerning the Division of Investigation of the Department of Consumer Affairs.

Although the boards and bureaus for which investigations are performed do not receive information regarding the cost of the work performed, the monthly reporting of time charged to each investigation enables determining estimated costs. Because actual costs are not determined until year end, it is doubtful if modification of the billing procedures to include estimated costs would be justified by the added accounting costs.

The increase in the number of supervisory and clerical positions has been almost three times the increase in the number of inspectors and investigators. Productive time has decreased while nonproductive time has increased. The average amount of time devoted per investigation has increased; however, some boards and bureaus now handle the simple investigations directly and assign to the division only the more complicated cases.

The division's policies regarding vehicle assignments are described.

With my warm best wishes,

Sincerely,



VINCENT THOMAS, Chairman
Joint Legislative Audit Committee

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	1
ACCOUNTING AND BILLING PROCEDURES	3
WORKLOAD AND STAFFING	5
VEHICLE POLICY	10

SUMMARY

This report is in response to questions regarding the following subjects:

- Accounting and Billing Procedures - The boards and bureaus using the division's services are not provided information monthly regarding costs. At year-end, a final adjustment between the estimated and actual costs is reported. Manhours expended each month are reported. Approximate costs can be determined by multiplying hours times the hourly rates used to budget the division's costs estimated to be distributed to each agency. Because efforts are only made at year end to account for all costs, it is doubtful if hourly rates developed for each month would be any more accurate than the hourly rates developed annually for the budget.
- Workload and Staffing - The following factors have contributed to the increase in the division's hourly billing rate (which is currently \$15) and the time required to complete cases. The increase in the supervisory and clerical positions has been almost three times greater than the increase in the number of inspectors and investigators. The productivity measured by the number of

investigations completed per investigative position has decreased substantially; however, several boards and bureaus now handle the simple cases directly with only the more complicated investigations assigned to the division. The amount of nonproductive time has increased substantially while the productive hours have decreased.

- Vehicle Policy - Investigators have permanently assigned undercover vehicles while inspectors have permanently assigned standard cars. Administrative personnel use Department of General Services' pool cars.

ACCOUNTING AND BILLING PROCEDURES

The Division of Investigation receives no general fund support. It operates as a service agency to the individual boards and bureaus. It distributes its total cost of operations on the basis of direct labor hours. So-called "loaded direct labor hourly rates" are computed at the beginning of each year by dividing the estimated productive hours of inspection and investigation into the division's total budget. These rates are applied to the estimated hours of service to the individual boards and bureaus to provide budgetary amounts for the division's services.

Inspection is an ongoing activity, while investigations are individually requested. At the time of a request, the boards and bureaus assign a case number to each investigation, and the investigators identify their time spent on each case by these numbers. Both investigators and inspectors identify their daily activities in a personal log. Investigators' logs identify the case numbers and inspectors' logs identify the licensees inspected. Time charges are transferred from the daily logs to a monthly summary which is the electronic data processing input for (1) employee time accountability, (2) hourly accumulation for annual billings and (3) monthly reporting of activities to the boards and bureaus.

The monthly report contains both the hours charged during the month and the accumulation to date by case for investigations. For inspections, only the total time charged to each agency for which services were provided is

reported. At year end, the total division costs are divided by the total productive hours to determine the actual rate per hour. Adjustment is then made in the charges to the boards and bureaus so that all of the division's costs are distributed.

While the monthly report to the boards and bureaus reflects hours of investigation by case and total inspection hours, there is no reporting of costs. Efforts are made only at year end to include all costs in the accounting records. Therefore, if hourly rates were developed during the year, they probably would be no more accurate than the estimated billing rates used by each board and bureau to prepare its budget for the services of the division. The estimated billing rates multiplied by the monthly hours reported enables each agency to approximate the costs of both individual investigations and the average cost per inspection in addition to the total costs for the month and to date.

WORKLOAD AND STAFFING

The division's authorized positions have increased from 31.3 in 1960-61, the first year of operations, to 220 in 1972-73. Most of this increase occurred between the first and second year of operations and in the current year. Authorized positions increased from 31.3 in 1960-61 to 109.4 in 1961-62 and from 126 in 1971-72 to 220 in 1972-73. The composition of the latter increase is as follows:

<u>Position Class</u>	<u>Number</u>
Supervision	10
Investigation	25
Inspection	(1)
Station and vehicle inspection	47
Clerical	<u>13</u>
Total	<u>94</u>

The above shows the positions added in connection with the transfer of the licensing of motor vehicle pollution control device installation and inspection stations and lamp and brake adjusting stations from the Highway Patrol to the department, but does not show the anticipated reduction of an estimated 71 positions under the Governor's reorganization Plan No. 1, 1970 which would transfer 15 healing arts boards to the Department of Health.

FINDING

THE INCREASE IN THE NUMBER OF SUPERVISORY AND CLERICAL POSITIONS HAS BEEN ALMOST THREE TIMES GREATER THAN THE INCREASE IN THE NUMBER OF INSPECTORS AND INVESTIGATORS.

During the last decade a substantial change has been made in the composition of the division's staff as indicated by the following comparison of authorized positons.

<u>Position Class</u>	<u>Number of Positions</u>		<u>Increase (Decrease)</u>
	<u>1961-62</u>	<u>1971-72</u>	
Supervision	12.0	18.0	6.0
Investigators	37.9	58.0	20.1
Inspectors	46.8	31.0	(15.8)
Clerical	<u>12.7</u>	<u>19.0</u>	<u>6.3</u>
Total	<u>109.4</u>	<u>126.0</u>	<u>16.6</u>

Some of the inspection and investigative work is performed by supervisory personnel; however, most of the productive time charged to the boards and bureaus is by the investigator and inspector classes. The net increase in these two classes is 4.3 positions, while the increase in the supervision and clerical classes during the decade was 12.3 positions.

FINDING

DURING 1971-72 THE PRODUCTIVITY MEASURED BY THE NUMBER OF INVESTIGATIONS CLOSED PER INVESTIGATIVE POSITION WAS 39 PERCENT OF THE 1965-66 PRODUCTIVITY.

The number of investigations handled by the division has not changed in proportion to the increase in the number of positions. From a high of 15,613 investigations completed in 1965-66, the number of cases closed has decreased to less than half of this number in each of the last three years. The

productivity (the number of cases closed per investigative position) has decreased by almost two-thirds. The following table reflects these changes.

<u>Fiscal Year</u>	<u>Investigator Positions</u>	<u>Cases Closed</u>	<u>Cases Closed Per Investigator</u>
1960-61	13.7	64	5
1961-62	37.9	5,938	157
1962-63	39.6	13,885	351
1963-64	43.2	9,578	222
1964-65	51.0	13,853	272
1965-66	51.2	15,613	305
1966-67	50.8	10,249	202
1967-68	51.7	8,272	160
1968-69	48.1	8,173	161
1969-70	57.0	7,319	128
1970-71	57.0	6,241	110
1971-72	<u>58.0</u>	<u>7,077</u>	120
Total	<u>559.2</u>	<u>106,262</u>	
Average			190

The reason supplied by the division administration for the decrease in both (1) the number of cases received and processed and (2) the productivity per investigator is the following change by five boards and bureaus. Relatively simple matters which had been handled by the division are now resolved directly by these boards and bureaus. During 1965-66 these five agencies submitted 11,967 requests for investigations. During 1971-72 only 2,659 requests were received from these agencies.

FINDING

THE TIME REQUIRED TO COMPLETE INVESTIGATIONS HAS INCREASED
BECAUSE THE DECREASE IN PRODUCTIVITY HAS BEEN GREATER THAN THE
DECREASE IN THE NUMBER OF CASES HANDLED.

The decreases in productivity have been greater than the reductions in the numbers of cases closed. The following tabulation relates years subsequent to 1965-66 as a percentage of that year's cases.

<u>Fiscal Year</u>	<u>Total Cases Closed</u>	<u>Percentage</u>
		<u>Cases Closed Per Investigator</u>
1965-66	100%	100%
1966-67	66	66
1967-68	53	52
1968-69	52	53
1969-70	47	42
1970-71	40	36
1971-72	45	39

Because the reductions in the number of cases closed per investigator has been greater than the reductions in the total number of cases closed, this indicates that the average time required to close cases has increased. In the following tabulation, the pending cases at the beginning of each fiscal year is divided by the monthly average number of cases closed during the year to determine the time required to process only the beginning pending cases. The following discloses that even though the number of pending cases has been decreasing, the reduction in productivity has caused an increase in processing time.

<u>Fiscal Year</u>	<u>Pending Cases At Beginning Of Year</u>	<u>Monthly Productivity</u>	<u>Months To Process Pending Cases</u>
1961-62	859	495	1.7
1962-63	3,656	1,157	3.2
1963-64	3,289	798	4.1
1964-65	4,086	1,154	3.5
1965-66	4,851	1,301	3.7
1966-67	2,954	854	3.5
1967-68	2,916	689	4.2
1968-69	2,894	681	4.2
1969-70	3,131	610	5.1
1970-71	2,840	520	5.5
1971-72	2,896	590	4.9

FINDING

THE AMOUNT OF PRODUCTIVE TIME HAS DECREASED WHILE THE AMOUNT OF NON-PRODUCTIVE TIME HAS INCREASED SUBSTANTIALLY.

Following is a comparison of the field time for the most current year, 1971-72, and the 1967-68 year. While there was little variation in the total time between these two years, there was a material difference between the productive and non-productive time. The latter increased by 88 percent.

<u>Time Classification</u>	<u>Field Hours</u>		<u>Percentage Increase (Decrease)</u>
	<u>1967-68</u>	<u>1971-72</u>	
Productive	<u>150,814</u>	<u>141,315</u>	(6)
Non-productive			
Sick leave	1,240	5,729	362
Vacation	5,667	8,264	46
Compensatory time off	853	1,966	130
Training	711	4,578	544
Miscellaneous	<u>5,760</u>	<u>6,273</u>	9
Total non-productive	14,231	26,810	88
Total	<u>165,045</u>	<u>168,125</u>	2

The findings of the consulting investigator concerning the problems of the division are included as an attachment to this report.

VEHICLE POLICY

Personal services including staff benefits represent over 80 percent of the division's cost. The second largest expense item is vehicle usage. Undercover vehicles are assigned to investigators, while inspectors are assigned standard diamond "E" vehicles.

Most cars are owned by the department. In addition to some Department of General Services pool vehicles on monthly assignments to inspectors, a few investigators have General Services undercover cars. A few field personnel are reimbursed for use of their private cars in lieu of having an assigned state vehicle. Administrative personnel above first level supervision are not assigned vehicles, but rather use General Services pool cars.

The incident of low mileage cars in the department fleet is slightly above normal. Following is the distribution of the fleet by mileage accumulation at December 31, 1972.

<u>Range of Accumulated Mileage</u>	<u>Percentage Of Fleet</u>
Under 20,000	25%
20,001 to 40,000	19
40,001 to 60,000	19
60,001 to 80,000	11
80,001 to 100,000	19
Over 100,000	<u>7</u>
Total	<u>100%</u>

With 100,000 miles the criteria for retirement, in theory there should be 20 percent of the fleet in each of the above 20,000 mile categories with no

vehicles over 100,000 miles. With 25 percent of the fleet having less than 20,000 accumulated miles, there is a 25 percent (25 percent divided by 20 percent less 100 percent) higher than normal incident of low mileage vehicles in the fleet, even though some vehicles are retained beyond normal retirement mileage.

In that a vehicle is required for each inspector and investigator, there is a direct relationship between numbers of vehicles and the time spent on investigations and inspections. For the first six months of the current fiscal year the time spent on these activities was 25 percent greater than during the prior year, the same percentage of excess vehicles with low mileage.

The beginning and ending mileage accumulation is reported on the inspectors and investigators daily activity logs. This information is summarized in the monthly report of automobile mileage issued by district office. Although the State Administrative Manual no longer requires the daily log for Department of General Services vehicles, the division continues to require this information for all vehicles including both General Services monthly lease and pool vehicles.



Walter J. Quinn
Acting Deputy Auditor General

June 4, 1973

Staff: Wesley Voss

DATE: March 6, 1973
TO: Mr. Walter Quinn
FROM: A.L. Coffey
SUBJECT: Study of the Division of Investigation
Department of Consumer Affairs

Assemblyman Willie L. Brown, Jr., in his letter to Assemblyman Vince Thomas, dated January 30, 1973, requests information on three specific points. This report responds to Question #2 in Assemblyman Brown's letter, as quoted:

"The distribution of workload and Staff among the Division's regional offices, (we have had several complaints about delays in receiving investigative reports. Can this be attributed to uneven workload distribution, poor management, or staff shortages?)"

At its inception, the division in fiscal year 1960-61 was authorized a total complement of 31 persons, including administrative, supervisory and investigative personnel, together with clerical support. At the present time, 220 positions are authorized with 26 existing vacancies as of February 20, 1973. Part of this expansion results from new programs and part from workload increases.

During the same period, staffing devoted to investigation activity increased from an original 14 persons to a current strength of 83 positions. Attachment #1 to this report provides a breakdown of all authorized positions in all classes for each fiscal year. This attachment provides a pattern of growth consistent with workload increases, expanded responsibilities and new activities.

Current Activities of the Division

During fiscal year 1971-72, the division conducted and closed 7,077 investigations out of a total 7,898 investigation requests received. Division statistics indicate an accumulation of unclosed or pending cases numbering 3,717 as inventory.

This inventory appears to be fairly evenly distributed among investigative personnel with each man on the average carrying an active load of approximately 45 cases. The very fact of assignment of this number and variety of cases probably contribute to some loss of investigative effectiveness, and delays in investigation and reporting.

In the main, the nature of the requests for investigations are reasonably uncomplicated and straight forward. Lengthy complex investigations should not, in most cases, be required. This is verified both by interviews of board executives, and also by the fact that on the average, 20 hours or less investigation time per case is expended.

Procedures and Reporting Practices

The division expedites investigation requests to the districts and makes immediate assignment to an investigator. Thus, no case is unassigned and this accounts for the heavy load per man. Required also is an early contact with the complainant, immediate reporting of developments in an investigation, and reporting every sixty days even though there has been no activity.

The requesting boards retain control of case dispositions, receiving reports as above. The board decides whether to attempt prosecution, hold disciplinary hearings or concur with the investigator in the solution and disposition of investigations.

Headquarters office receives and transmits reports to the board, but is prohibited by department regulations from retention of files. This practice certainly is a barrier to effective administration, and contributes to a loosely run operation, which the administrative staff cannot overcome. Some corrective suggestions are given elsewhere in this report.

Headquarters and District Offices

Headquarters and one district office are located in Sacramento, with eight additional offices scattered throughout the state. Manpower allotments to each office are predicated on geographic area, and volume or concentration of requests for investigation.

Consideration is given to investigation requests for those boards where the work requires knowledge and background in the industry as well as investigative capability. For instance, a certain number of investigators with industry background are used almost exclusively on cases received from the Structural Pest Control Board.

Apart from those boards whose work requires industry expertise, the other boards are grouped as "General Professions", serviced by investigators who handle all complaints.

Conclusion

It is believed that the wide variety of activities of small groups handling specialized situations tends to factionalize the investigative personnel. There will be some difficulty in melding the total group into a tightly knit, compact organization with common goals.

Historically, since its formation, the division has been subject to criticism. Some of the complaints to Assemblyman Brown may have originated from boards which would still prefer to have an investigative staff in their own organization, rather than depend upon a central unit. There is constant debate as to whether it would be less costly and more efficient to return to the original concept.

During this brief study, no positive conclusion has been reached in this matter. While one or two of the boards may make a case, it appears that for the most part, the boards benefit by using a central investigative agency. There is better geographic distribution. There is improved flexibility in assignment, less travel

is necessitated, and generally speaking, the quality of reporting and investigation should be improved. Certainly, the smaller boards within their own organizational framework could not provide as effective investigation as is available here.

Recommendations

Authorization of additional staffing is always an easy and popular answer to workload. However, in this instance, available information leads to a conclusion that other remedies may serve.

1. Consideration might be given to a change in procedures which demand assignment of cases to investigators immediately, demand an early personal contact with the complainant and demand additional contact and progress reporting no longer than every 60 days, even though the investigation is not moving.

Instead, it is believed that requests for investigation should be immediately forwarded to district offices, sorted and priorities assigned by the supervisor, acknowledgment made to the complainant by mail, and the request placed in line for action as manpower becomes available.

This procedure would permit assignment to an investigator of no more than six or eight active cases, located in a geographically convenient area and would permit concentrated day-to-day attention to each case assigned.

As each case is written off, additional matters could be assigned. The result should be to keep workload at a constant workable level while at the same time enable much closer supervision of the cases under active investigation.

The chronology given below of a case randomly selected is illustrative. The complaint concerns a healing arts practitioner, improperly practicing under an assumed DBA with an illegal sign at his place of business.

- 11-29-72 - Investigator contacted complainant. Checked records. No record of subject DBA.
- 12-5-72 - Physical inspection of premises. Photographed illegal sign. Requested letter to Board from practitioner.
- 12-21-72 - Telephone contact with Licensee inquiring as to removal or change of sign.
- 1-19-73 - Telephone contact with Licensee. No change in sign or manner of business.
- 1-21-73 - Visual inspection of premises. No change.

1-23-73 - Telephone contact with another practitioner to verify details of an early discussion re sign.

1-27-73 - Case pending.

Depending on availability for interview of persons involved, this matter might well have been disposed of in a few days with expenditure of five or six hours time. Forty cases, however, being carried simultaneously, almost inevitably result in lost motion and lessen effectiveness.

2. Mention is made elsewhere of the abolishment of Headquarters Office investigation files. True, there is probably no need to permanently retain files on closed investigation, but certainly the Division Chief must have access to current activities in his organization to be effective.

Failure to maintain such files automatically creates serious problems, some of which are enumerated.

- A. H.Q.'s personnel cannot respond to inquiries concerning investigation activity or status. Calls must be referred to the district office.
- B. No H.Q.'s check is possible on quality of investigation or reporting. There is then insufficient effective supervision of the district offices.
- C. Lacking close supervision, the district supervisor can easily drift into the policy-making process. Procedures begin to vary office to office.

As a cure for the situation, the division should be authorized to retain investigative reports until activity is concluded in each case.

Further, it is believed that an experienced capable investigator would be designated to review reports of investigations for completeness, quality and timeliness of reporting. This could accomplish several improvements.

- A. The Chief could again much more easily remain aware of division activity.
- B. Division policy could be much more readily observed or enforced.
- C. Quality and quantity of work improve.
- D. The reviewing desk could establish and maintain a "tickler" file, lessening time lag in reporting, and generally tightening investigative work.
- D. The District supervisor would benefit from decrease of paperwork and have additional time for field supervision.

An activity of this type would permit concentration on a particular phase of division procedures, attention to a particular district office, or to the work of a particular individual. Better quality of work overall and closer relations with the various boards might be expected.

As indicated, the differences of opinion as to the comparative effectiveness of personnel since formation of the Division of Investigation as opposed to the earlier arrangement continues.

The current problem, however, seems to center in the Board of Automotive Repair which was authorized by provisions of SB 51 of the 1971 Legislative Session. This board was established in March 1972 with an authorized strength of 27 permanent and 4.5 temporary positions. Immediately thereafter, the Station and Vehicle Inspection Specialists (known as the SVIS program) totaling 37 persons were transferred to Automotive Repair from the Department of Highway Patrol.

Effective October 1, 1972, the SVIS program and personnel were again transferred, this time from Automotive Repairs to the Division of Investigation. Since that time, apparently by authority of Article 2, Section 9882.1, Business and Professions Code, the Director of the Department of Consumer Affairs has authorized hiring ten additional Field Representative positions in the Bureau of Automotive Management. Some employee unease and incipient morale problems have resulted because of similarities in job qualifications and duties between these positions and those of SVIS people.

A two-month pilot program for the SVIS unit was undertaken February 1, 1973, in Riverside County. Four people were assigned from Division of Investigation while, coincidentally, one field representative from Automotive Repairs was assigned to the same project. This points up the need for clarification and clear definition of authority exercised by the Division of Investigation chief and his administrative staff.

If there is to be proper control and upgrading of the division, the chief must have:

- Direct line authority without adulteration from the boards and bureaus
- Adequate communication both laterally and vertically, and
- Access to day-to-day operational information. (See comment concerning file retention.)

Information seems to flow freely in all directions except between the director and the chief. The chief reports to and takes direction from the Deputy Director of the department. However, organizational charts indicate a direct line responsibility and information flow from two subordinate deputy chiefs to the director by-passing the division chief and a deputy director. This arrangement is a carry-over from the administration of a former director. It does set up a very undesirable organizational structure which could effectively impede efforts to properly administer the division.

Predicated on the foregoing, it would appear that workload distribution is not sufficiently uneven between field offices, or individual investigators to affect production. Staffing particularly at the level authorized in the 1972-73 budget, must be considered adequate. Some procedural changes are suggested herein which it is felt would be of assistance to management if adopted.

DIVISION OF INVESTIGATION

AUTHORIZED POSITIONS - ALL YEARS

	<u>60/61</u>	<u>61/62</u>	<u>62/63</u>	<u>63/64</u>	<u>64/65</u>	<u>65/66</u>	<u>66/67</u>	<u>67/68</u>	<u>68/69</u>	<u>69/70</u>	<u>70/71</u>	<u>71/72</u>	<u>72/73</u>
<u>Supervisory</u>	1.5	12	11.7	11.5	11.9	12.3	14.0	13.7	13.0	14.0	18.0	18.0	28.0
<u>Investigation</u>													
<u>Field Staff</u>	13.7	37.9	39.6	43.2	51.0	51.2	50.8	51.7	48.1	57.0	57.0	58.0	83.0
<u>Inspection</u>													
<u>Field Staff</u>	15.6	46.8	44.3	43.6	43.2	46.0	45.6	37.8	35.1	49.0	33.0	31.0	30.0
SVIS													47.0
<u>Clerical</u>	0.5	12.7	18.0	18.5	18.2	22.1	21.2	19.3	20.0	22.2	19.0	19.0	32.0
<u>Grand Total</u>													
<u>Authorized</u>	31.3	109.4	113.6	116.8	124.3	131.6	131.6	122.5	116.2	142.2	127.0	126.0	220.0
<u>Positions</u>													